

Message Text

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ACTION EB-08

INFO OCT-01 EA-10 IO-13 ISO-00 STRE-00 AGRE-00 CEA-01
CIAE-00 COME-00 DODE-00 FRB-03 H-01 INR-10 INT-05
L-03 LAB-04 NSAE-00 NSC-05 PA-01 CTME-00 AID-05
SS-15 STR-07 ITC-01 TRSE-00 ICA-11 SP-02 SOE-02
OMB-01 DOE-15 /124 W
-----097817 240920Z /10

P 240858Z MAY 78
FM AMEMBASSY TOKYO
TO SECSTATE WASHDC PRIORITY 8198
INFO AMEMBASSY CANBERRA
AMEMBASSY WELLINGTON
USMISSION GENEVA

C O N F I D E N T I A L SECTION 01 OF 02 TOKYO 09359

USMTN
DEPARTMENT ALSO PASS STR ELECTRONICALLY

E.O. 11652: GDS
TAGS: ETRD, JA, NZ, AS
SUBJECT: SUZUKI-MULDOON BILATERAL CONSULTATIONS MAY 19.

REF: (A) TOKYO 3621, (B) WELLINGTON 1031

SUMMARY: JAPAN AND NEW ZEALAND ARE TRYING TO WORK OUT
AGRICULTURAL, FORESTRY, AND FISHERIES AGREEMENT BEFORE
MAF MINISTER NAKAGAWA VISITS AUSTRALIA JUNE 26 - 27.
POSSIBILITY OF AGREEMENT APPEARS TO HAVE INCREASED WITH
SUZUKI-MULDOON TALKS IN AUSTRALIA WHERE SUZUKI RENEWED
PROPOSALS TO PURCHASE NEW ZEALAND SURPLUS DAIRY PRODUCTS
FOR JAPAN'S AID PROJECTS, BRIEFED MULDOON ON STATUS OF
JAPANESE BEEF MARKETS, PROPOSED TARIFF REDUCTIONS FOR
NEW ZEALAND SQUID, AND PROMISED GOJ STUDY OF NEW
ZEALAND PINE USAGE. END SUMMARY.

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1. JAPANESE WERE PLEASED WITH THE PROGRESS MADE IN
TALKS HELD BETWEEN FORMER JAPANESE AGRICULTURAL AND
FORESTRY MINISTER SUZUKI AND NEW ZEALAND PRIME MINISTER
MULDOON IN AUSTRALIA MAY 19. SUZUKI RENEWS JAPAN'S
FEBRUARY OFFER TO PURCHASE QUANTITIES OF NEW ZEALAND'S
SURPLUS SKIM AND POWDERED MILK, BUTTER, AND OTHER
DAIRY PRODUCTS FOR REDISTRIBUTION TO LDCS AS

PART OF JAPAN'S EXPANDED AID PROGRAM, Y. HARA, DEPUTY DIRECTOR OF THE FOREIGN MINISTRY'S OCEANIA DIVISION TOLD EMBOFF. HOWEVER, HARA DECLINED TO SPECULATE ON PROPOSED VOLUMES OF THE PURCHASES SAYING ONLY THAT THIS WAS CURRENTLY BEING NEGOTIATED WITH GNZ.

2. SUZUKI ALSO TOLD MULDOON THAT JAPAN WAS MAKING EVERY EFFORT TO STABILIZE THE PRICE OF BEEF, SIMPLIFY ITS DISTRIBUTION, AND RAISE DEMAND. HARA SAID, BUT MADE CLEAR THIS WAS NOT A PROMISE TO LIBERALIZE QUOTAS OR LOWER PRICES. HARA SAID SUZUKI ALSO RENEWED PROPOSALS TO LOWER IMPORT TARIFFS ON SQUID CAUGHT BY NEW ZEALAND FISHERMEN AND TO EXEMPT FROM TARIFFS SQUID CAUGHT BY FISHERMEN UNDER JOINT VENTURE PROJECTS WITH JAPANESE FISHERIES.

3. ALTHOUGH INCREASED JAPANESE IMPORTS OF NEW ZEALAND PINE LOGS WERE DISCUSSED, HARA SAID SUZUKI MADE NO COMMITMENTS OTHER THAN TO PROMISE TO HAVE JAPANESE EXPERTS STUDY NEW ZEALAND WOOD PRODUCTS STANDARDS AND MAKE TESTS OF THEIR OWN TO SEE IF NEW ZEALAND PINE MEETS JAPANESE STANDARDS FOR WOOD FRAME CONSTRUCTION. HARA EXPRESSED DOUBTS THAT IMPORTS OF NEW ZEALAND PINE WOULD BE INCREASED BECAUSE MOST BUILDERS FIND IT TOO SOFT WHEN COMPARED TO OTHER PINE AND FIR SPECIES IMPORTED BY JAPAN.
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4. HARA SAID SUZUKI QUOTED MULDOON AS SAYING THAT THE TALKS WERE "HELPFUL AND A SOLUTION TO OUR (JAPAN-NEW ZEALAND) PROBLEMS SEEMS VERY NEAR." AS A RESULT, HARA NOTED, HIS OFFICE IS BUSY TRYING TO WORK OUT DETAILS WITH NEW ZEALAND TO FINALIZE AN AGREEMENT BEFORE JAPAN'S AGRICULTURE-FORESTRY-FISHERY MINISTER NAKAGAWA GOES TO AUSTRALIA FOR THE PERIODIC MINISTERIAL CONFERENCE JUNE 26-27. IF AN AGREEMENT IS REACHED, HE SAID, NAKAGAWA WILL PROBABLY VISIT NEW ZEALAND FOR ITS FORMALIZATION.

5. ALTHOUGH ALSO PLEASED WITH RELATIVELY UPBEAT TONE OF SUZUKI-MULDOON TALKS, LOCAL NEW ZEALAND EMBOFF NEVERTHELESS CAUTIONED POLCOUNS AGAINST UNDUE OPTIMISM, OBSERVING THAT RESOLUTION OF JAPAN-NEW ZEALAND BILATERAL ECONOMIC PROBLEMS STILL REMAINED AT BEST "A PINPOINT OF LIGHT AT THE END OF THE TUNNEL."

6. COMMENT: JAPANESE OPTIMISM IN WAKE OF MAY 19 SUZUKI-MULDOON TALKS MAY IN PART BE OVER-REACTION TO CONTRAST IN ATMOSPHERICS WITH SUZUKI'S FEBRUARY VISIT

TO WELLINGTON, WHICH ENDED IN HARSH PUBLIC WORDS FROM
MULDOON AND STRONG PERSONAL ANNOYANCE ON PART OF SUZUKI
(REFTELS). HOWEVER, THE GOJ IS OBVIOUSLY PLEASED WITH
THE RESULTS OF THE SUZUKI-MULDOON TALKS AND FEELS THAT
AN AGREEMENT, NOT ONLY ON THE FOUR POINTS THEY DISCUSSED,
IS POSSIBLE, BUT THAT THE QUESTION OF JAPANESE FISHERMEN
BEING ABLE TO OPERATE IN NEW ZEALAND'S RICH WATERS WILL
ALSO BE SETTLED. IF CONCLUDED, THE FISHING AGREEMENT
WILL UNDOUBTEDLY BE PUBLICIZED AS A BIG PLUS FOR
JAPANESE NEGOTIATORS TO OFFSET WHAT IS OFTEN CRITICIZED
BY THE PRESS AS ALL GIVE AND NO TAKE IN THEIR TRADE
NEGOTIATIONS. ALSO, WITH MTN AGREEMENTS NEARING
COMPLETION, JAPAN MAY FEEL FREER TO LIBERALIZE TERMS
BILATERALLY, NO LONGER DEPENDING ON SOME POINTS AS
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BARGAINING CHIPS FOR THE MTN, THEREBY GAINING POINTS

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TO SECSTATE WASHDC PRIORITY 8199

INFO AMEMBASSY CANBERRA

AMEMBASSY WELLINGTON

USMISSION GENEVA

C O N F I D E N T I A L SECTION 02 OF 02 TOKYO 09359

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WITH INTERESTED TRADING PARTNERS SUCH AS NEW ZEALAND.

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